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# Security Council

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**Security Council Committee established pursuant to resolution 1267 (1999) concerning Al-Qaida and the Taliban and associated individuals and entities**

## Note verbale dated 11 July 2005 from the Permanent Mission of Bhutan to the United Nations addressed to the Chairman of the Committee

The Permanent Mission of the Kingdom of Bhutan to the United Nations presents its compliments to the Chairman of the Committee and has the honour to submit herewith the report of the Kingdom of Bhutan, pursuant to paragraph 6 of Security Council resolution 1455 (2003) (see annex).

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**Annex to the note verbale dated 11 July 2005 from the Permanent Mission of Bhutan to the United Nations addressed to the Chairman of the Committee**

**Report by the Kingdom of Bhutan pursuant to paragraph 6 of Security Council resolution 1455 (2003) submitted to the Security Council Committee established pursuant to Security Council resolution 1267 (1999)**

The Kingdom of Bhutan has always held the view that terrorism in all its manifestation continues to jeopardize and undermine human rights, fundamental freedoms and security in many countries. As the principal victims/targets of terrorist activities are innocent people, it is, indeed, the most flagrant violation of human rights.

**Introduction**

1. **Please provide a description of activities, if any, by Usama Bin Laden, Al-Qaida, the Taliban and their associates in your country, the threat they pose to the country and the region, as well as likely trends.**

Bhutan has no association whatsoever with the activities of Usama Bin Laden, Al-Qaida, and the Taliban. Bhutan remains alert to any potential terrorist threat and is committed to cooperating regionally and internationally in taking firm/affirmative action against such threats.

2. **How has the 1267 Committee's List been incorporated within your legal system and your administrative structure, including financial supervision, police, immigration control, customs and consular authorities?**

The 1267 Committee's List has been circulated through the Ministry of Home & Cultural Affairs and the Ministry of Finance to all immigration checkpoints, law enforcement agencies, customs authorities and financial institutions. The visa section under the Ministry of Foreign Affairs maintains the List on its watch list. The concerned authorities are informed each time a new name is added to the List.

The Ministry of Finance, through the Royal Monetary Authority (Central Bank), has directed all financial institutions within the country to immediately freeze any accounts and assets if detected to be related to individuals and entities contained in the List. Financial institutions have also been advised to remain vigilant against any illicit financial transaction, which should be reported to the Royal Monetary Authority (RMA) for further investigation. Till date no specific reports have been received from the financial institutions on such matters.

3. **Have you encountered any problems with implementation with regard to the names and identifying information as currently included in the List? If so, please describe these problems.**

The names and particulars contained in the List have been distributed to all the relevant authorities. However, immigration checkpoints including Paro International Airport do not have any computerized networked system or database, which would facilitate quicker and effective identification. The checks are conducted manually and requires extensive inter-agency coordination. The Royal Government is keen on implementing an automated border control system but this is subject to the availability of funds.

Positive identification solely on the basis of a name is also very difficult and detail information as much as possible could facilitate matters.

**4. Have your authorities identified inside your territory any designated individuals or entities? If so, please outline the actions that have been taken.**

No designated individuals or entities on the List have so far been identified within the territory of the Kingdom of Bhutan.

**5. Please submit to the Committee, to the extent possible, the names of individuals or entities associated with Usama Bin Laden or members of the Taliban or Al-Qaida that have not been included in the List, unless to do so would compromise investigations or enforcement actions.**

The Kingdom of Bhutan has no information related to this.

**6. Have any listed individuals or entities brought a lawsuit or engaged in legal proceedings against your authorities for inclusion in the List? Please specify and elaborate, as appropriate.**

As the listed individuals or entities have no association with Bhutan, the question of bringing lawsuit or proceedings against any Bhutanese authorities do not arise.

**7. Have you identified any of the listed individuals as nationals or residents of your country? Do your authorities have any relevant information about them not already included in the List? If so, please provide this information to the Committee as well as similar information on listed entities, as available.**

None of the listed individuals are Bhutanese nationals or residents. The Kingdom of Bhutan also has no other relevant information on the individuals or entities included in the List.

**8. According to your national legislation, if any, please describe any measures you have taken to prevent entities and individuals from recruiting or supporting Al-Qaida members in carrying out activities inside your country, and to prevent individuals from participating in Al-Qaida training camps established in your territory or in another country. Under the sanctions regime (paragraph 4(b) of the resolution 1267 (1999) and paragraphs 1 and 2(a) or resolution 1390 (2002), States are to freeze without delay the funds and other financial assets or economic resources of the listed individuals and entities, including funds derived from property owned or controlled, directly or indirectly, by them or by persons acting on their behalf or at their direction, and ensure that neither these nor any other funds, assets, or resources are made available, directly or indirectly, for such persons' benefit, by their nationals or by any persons within their territory. For the purpose of implementation of the financial prohibitions in this sanctions regime, "economic resources" is defined to mean assets of every kind, whether tangible or intangible, movable or immovable.**

Please refer to answers provided by Bhutan with regard to OP/1, OP/2 and OP/3 of the Security Council Resolution 1373.

There are no laws that have been specifically enacted to prevent Al-Qaida activities. However, the following domestic legislations provide the legislative framework to deal with acts of terrorism and activities related to it:

- The Enabling Act for the SAARC Regional Convention on Suppression of Terrorism 1991
- The Extradition Act 1991. This was enacted to enable the extradition of persons who had committed serious crimes of extraditable nature and to implement the SAARC Convention on Suppression of Terrorism 1991.
- The National Security Act 1992

- Financial Institutions Act 1992
- Prudential Regulation 2002
- Bhutan Penal Code 2004. Chapter 19 deals with money laundering and Chapter 23 with terrorism and related offences. The offense of terrorism is a felony of the first degree with minimum sentencing of 15 years to life imprisonment. Joining or registering with a known terrorist organization is a felony of the third degree with a minimum sentencing of 5 years to 9 years.

**9. Please describe briefly the domestic legal basis to implement the asset freeze required by the resolutions above, and impediments under your domestic law in this context and steps taken to address them.**

The Royal Monetary Authority supervises and regulates the activities in the financial sector as per the relevant laws and regulations in effect in the Kingdom of Bhutan. These are the Royal Monetary Authority Act 1982, Financial Institution Act 1992, Foreign Exchange Regulations 1997 and the Prudential Regulations 2002. The Royal Monetary Authority can issue freeze orders and directives to the financial institutions, which are binding.

Under Article 59 of the Financial Institutions Act, 1992 financial institutions in the country are required to reveal to the Royal Monetary Authority any evidence of serious criminal activity either in the Kingdom or abroad which it suspects is associated with the use of a bank account or its proceeds, or if it suspects that investments are the products of a serious criminal activity either in the Kingdom or abroad.

The Prudential Regulations 2002 issued by the Royal Monetary Authority provides a broad framework for quasi-judicial responsibilities that financial authorities have to adhere to and comply with at the minimum. These regulations incorporate the minimum standards of 25 Core Principles for Effective Banking Supervision, which is being promulgated by the Basel Committee for Banking Supervision, BIS. Section 18 of the Regulations deals with money laundering and in order to prevent such activities, financial institutions must implement measures such as:

- Know your customer policy
- Customer transaction profile
- Information on cash transaction
- Information on foreign currency transaction

Money Laundering is a penal offence under the Bhutanese law and chapter 19 of the Penal Code of Bhutan 2004 has provisions to deal with this offence.

**10. Describe any structures or mechanisms in place within your Government to identify and investigate Usama bin Laden, Al-Qaida or Taliban-related financial networks, or those who provide support to them or individuals, groups, undertakings and entities associated with them within your jurisdiction. Please indicate, as appropriate, how your efforts are coordinated nationally, regionally and/or internationally.**

Under Article 59 of the Financial Institutions Act, 1992 financial institutions in the country are required to reveal to the Royal Monetary Authority any evidence of serious criminal activity either in the Kingdom or abroad which it suspects is associated with the use of a bank account or its proceeds, or if it suspects that investments are the products of a serious criminal activity either in the Kingdom or abroad.

At the regional level Bhutan has ratified the SAARC Convention for the Suppression of Terrorism and its Additional Protocol. To coordinate activities under this convention a SAARC Terrorist Offences Monitoring Desk has been set up at Colombo, Sri Lanka. Discussions are also ongoing among SAARC member countries to set up a regional police group called SAARCPOL, which will have the objective of fighting terrorism, organized crime, drugs and girl trafficking in the region.

Internationally, Bhutan has ratified the International Convention for the Suppression of the Financing of Terrorism. Bhutan is also in the process of seeking membership to the INTERPOL, which would facilitate information exchange mechanisms.

**11. Please convey the steps banks and/or other financial institutions are required to take to locate and identify assets attributable to, or for the benefit of, Usama Bin Laden or members of Al-Qaida or the Taliban, or associated entities or individuals. Please describe any "due diligence" or "know your customer" requirements. Please indicate how these requirements are enforced, including the names and activities or agencies responsible for oversight.**

The Royal Monetary Authority has issued notice to the financial institutions to draw attention to Article 59 of the Financial Institutions Act, 1992 and report to the Royal Monetary Authority any illicit financial transaction related to individuals and entities contained in the List (please see point 2).

The Royal Monetary Authority has also issued Guidelines on money laundering and financing of terrorism, which requires financial institutions to adopt "know your customer policy" and "customer transaction profile" (please see point 9).

The Royal Monetary Authority is responsible for oversight. Under Section 19 of the Prudential Regulation 2002, which deals with on-site examination of financial institutions the Financial Institutions Supervision Division of the Royal Monetary Authority, as part of its vigilance and surveillance system, conducts frequent on-site visits of the financial institutions to specifically check and verify their financial operations.

**12. Resolution 1455 (2003) calls on Member States to provide "a comprehensive summary of frozen assets of listed individuals and entities." Please provide a list of the assets that have been frozen in accordance with this resolution. This list should also include assets frozen pursuant to resolutions 1267 (1999), 1333 (2001) and 1390 (2002). Please include, to the extent possible, in each listing the following information.**

- **Identification(s) of the person of entities whose assets have been frozen;**
- **A description of the nature of the assets frozen (i.e., bank deposits securities, business assets, precious commodities, work of art, real estate property and other assets);**
- **The value of assets frozen.**

No financial assets belonging to the listed individuals and entities have been reported.

**13. Please indicate whether you have released pursuant to Resolution 1452 (2002) any funds, financial assets or economic assets that had previously been frozen as being related to Usama Bin Laden or members of the Al-Qaida or the Taliban or associated individuals or entities. If so, please provide reasons, amounts unfrozen or released and dates.**

No funds, financial assets or economic assets related to Usama Bin Laden or members of the Al-Qaida or the Taliban or associated individuals or entities have been reported in Bhutan.

**14. Pursuant to Resolutions 1455 (2003), 1390(2001), 1333 (2002) and 1267 (1999), States are to ensure that no funds, financial assets or economic resources are made available, directly or indirectly, to Listed individuals or entities or for their benefit, by nationals or by any persons within their territory. Please indicate the domestic legal basis, including a brief description of laws, regulations and/or procedures in place in your country to control the movements of such funds or assets to designated individuals and entities. This section should include a description of:**

- **The methodology, if any, used to inform banks and other financial institutions of the restrictions placed upon individuals or entities listed by the committee, or who have otherwise been identified as members or associates of Al-Qaida or the Taliban. This section should include an indication of the types of institutions informed and the methods used.**

No precise methodology, but a notice has been issued to the two deposit taking institutions i.e. Bank of Bhutan and Bhutan National Bank inline with UN Security Council resolution 1267 (1999) and resolution 1373 (2001) along with a copy of the listed individuals and entities.

- **Required bank-reporting procedures, if any, including the use of Suspicious Transaction Reports (STR), and how such reports are revised and evaluated.**

Section 18.3, Section 18.5 and Section 18.6 of the Prudential Regulation 2002 requires banks/financial institutions to report suspicious activities; maintain record of any single cash transaction above Nu. 5 million; and report to the Royal Monetary Authority for any private cash transaction above 0.5 million for foreign currency and 1 million for Indian rupees. The reports and record are revised and monitored by the Financial Institutions Supervision Division of the Royal Monetary Authority.

- **Requirements, if any, placed on financial institutions other than banks to provide STR, and how such reports are reviewed and evaluated.**

The financial institutions are required to comply with the requirements of section 18.3 of Prudential Regulations 2002, which pertains to the "Know your customer policy".

- **Restrictions or regulations, if any, placed on the movement of precious commodities such as gold, diamonds and other related items.**

Under the Import & Export schedule these fall under restricted items. Importation/Exportation of more than the permissible amount (Gold = 50 grams, Silver = 1 kg etc.) requires special clearance. Further, should such items (both movable and immovable property) be mortgaged or collateralized, provisions of the Moveable and Immovable Property Act of the Kingdom of Bhutan, 1999 shall be applied accordingly.

The revised Foreign Exchange Regulations, which is expected to into effect soon, the import and export of gold and silver coins, bars and bullion shall be permitted subject to authorization of the RMA, and to such limits as it may be prescribed on the amounts that may be imported into and exported out of Bhutan.

- **Restrictions or regulations, if any, applicable to alternate remittance systems such as or similar to "hawala", as well as on charities, cultural and other non-profit organisations engaged in the collection and disbursement of funds for social or charitable purposes.**

There are no alternate remittance systems. All foreign exchange remittances must be conducted through the Royal Monetary Authority.

15. **Please provide an outline of the legislative framework and/or administrative measures, if any, taken to implement the travel ban.**

As mentioned earlier, the names of listed individuals has been circulated all immigrations checkpoints, law enforcement agencies, customs authorities and financial institutions. The visa section under the Ministry of Foreign Affairs also maintains the List on its watch list. The concerned authorities are informed each time a new name is added to the List.

16. **Have you included the names of the listed individuals in your national "stop list" or border checkpoint list? Please briefly outline steps taken and any problems encountered.**

The names of the listed individuals have been included in the international watch list that is maintained by the Visa Section of the Ministry of Foreign Affairs. This watch list is periodically updated and made available to all border control authorities. The screening process starts when the visa is being applied for and not just when the applicant enters Bhutan.

To make the identification process more reliable, the List should incorporate additional details (please see point 3). In the absence of a computerized border control system the identification process is conducted manually, which is time consuming.

17. **How often do you transmit the updated List to your border control authorities? Do you possess the capability of searching List data using electronic means at all your entry points?**

The Ministry of Foreign Affairs circulates the updated List to all concerned authorities immediately upon receipt. Bhutan does not possess facilities to search data using electronic means.

18. **Have you stopped any of the listed individuals at any of your border points or while transiting your territory? If so, please provide additional information as appropriate.**

No Listed individuals have been stopped at Bhutan's border points or transited through its territory.

19. **Please provide an outline of the measures, if any, taken to incorporate the List in the reference database of your Consular offices. Have your visa issuing authorities identified any visa applicant whose name appears on the List?**

The List is included on the international watch list maintained by the Visa Section of the Ministry of Foreign Affairs, which is periodically updated. This watch list is also shared with Bhutanese diplomatic missions abroad. There has been no report of any visa applicant having been identified whose name appears on the List.

20. **What measures, if any, do you have in place to prevent the acquisition of conventional arms and weapons of mass destruction (WMD) by Usama Bin Laden, members of Al-Qaida**

**organisation and the Taliban and other individuals, groups, undertakings and entities associated with them? What kind of export control do you have in place to prevent the above targets from obtaining the items and technology necessary for weapons development and production?**

Firearms and Ammunition Act 1990 regulates the importation, possession and handling of arms and ammunition. The Bhutan Penal Code 2004 also has provisions to deal with illegal manufacture, possession and sale of firearms, ammunition, explosives or a lethal weapon. An offence of illegally manufacturing a weapon of mass destruction is punishable for life imprisonment.

Bhutan neither produces nor exports any weapons or weapons technology.

**21. What measures, if any, have you adopted to criminalise the violation of the arms embargo directed at Usama Bin Laden, members of Al-Qaida organisation and the Taliban and other individuals, groups, undertakings and entities associated with them?**

Please refer to Question No. 20.

**22. Please describe how your arms/arms broker licensing system, if any, can prevent Usama Bin Laden, members of Al-Qaida organisation and the Taliban and other individuals, groups, undertakings and entities associated with them from obtaining items under the established arms embargo.**

The Firearms and Ammunition Act 1990 regulates the importation, possession and handling of firearms. The possession of firearms is limited and an arms license can only be issued after thorough verification.

**23. Do you have any safeguards that the weapons and ammunition produced within your country will not be diverted/used by Usama Bin laden, members of Al-Qaida organisation and the Taliban and other individuals, groups, undertakings and entities associated?**

Bhutan neither produces nor exports any weapons or weapons technology

**24. Would your state be willing or able to provide assistance to other States to help them implement the measures contained in the above-mentioned resolution? If so, please provide additional details or proposals.**

Bhutan has neither the capacity nor the expertise to provide such assistance. However, Bhutan stands ready to share any information that may be useful in preventing any terrorist act and to cooperate in arresting and bringing those responsible to justice. As a state policy, terrorism in all forms is denounced by Bhutan and it is made uniawful through our legislation.

**25. Please identify areas, if any, or any incomplete implementation of the Taliban/Al-Qaida sanctions regime, and where you believe specific assistance or capacity building would improve your ability to implement the above sanctions regime.**

Bhutan fully complies with the Taliban/Al-Qaida sanctions regime. As mentioned earlier, in the absence of a computerized networked system or database among border control and law enforcement authorities the information has to be shared and identity checks have to be conducted manually. This

requires extensive inter-agency coordination. The Royal Government is working towards implementing an automated border control system.

**26. Please include any additional information you believe pertinent.**

Bhutan is a state party to 6 of the 12 international counter-terrorism conventions:

- International Convention against the Taking of Hostages
- Convention on the Prevention and Punishment of Crime against International Protected Persons including Diplomatic Agents
- Convention on Offences and Certain Other Acts Committed on Board Aircraft
- Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation
- Convention for the Suppression of Unlawful Seizure of Aircraft
- International Convention for the Suppression of the Financing of Terrorism

The following two counter terrorism conventions are being submitted to the June Session (2005) of the National Assembly for accession:

- Protocol on the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation, supplementary to the Convention for the suppression of Unlawful Acts against the Safety of Civil Aviation
- Convention on the Marking of Plastic Explosives for the Purpose of Detection

The Royal Government also expects to submit the International Convention for the Suppression of Terrorist Bombing to the November Session (2005) of the National Assembly for accession.

The Royal Government is studying the three remaining counter-terrorism conventions i.e. Convention on the Suppression of Unlawful Acts against the Safety of Maritime Navigation, Protocol for the Suppression of Unlawful Acts against the Safety of Fixed Platforms Located on the Continental Shelf and the Convention on the Physical Protection of Nuclear Material. The Royal Government hopes to accede to these conventions soon.